



# City of Seattle

Gregory J. Nickels, Mayor

## Seattle City Light

Jorge Carrasco, Superintendent

June 22, 2005

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1000 Independence Ave., S.W.  
Washington D.C. 20585

VIA Email: [1605bguidelines.comments@hq.doe.gov](mailto:1605bguidelines.comments@hq.doe.gov)

RE: RIN Number 1901-AB11 - Comments on "Interim Final General Guidelines" and "Draft Technical Guidelines" for Voluntary Reporting of Greenhouse Gases Program

Dear Mr. Secretary,

The City of Seattle, City Light Department (SCL), is pleased to provide comments on the interim Final General and Draft Technical Guidelines for the Voluntary Reporting of Greenhouse Gases Program.

SCL has provided comments throughout the review and revision process and has supported the goal of improving the program and creating a transparent, rigorous process for calculating and reporting greenhouse gas emissions and reductions.

### Third Party Emission Reductions (Offsets)

This is a key issue of concern for SCL. The Seattle City Council and Mayor have directed SCL to meet a goal of net-zero greenhouse gas emissions in 2005 and beyond. In order to meet this goal, SCL has purchased greenhouse gas offsets and plans to sign additional offset contracts in the future.

We are pleased that DOE proposes to allow reporters to register the emission reductions achieved by third parties. However, while the regulations state that the offsets can be registered as long as the third party meets the requirements of reporting directly to the program, they also state that the third party achieving the offset reductions cannot also report directly to the program, at least not in the same year as the offset reductions are reported.



This creates a disincentive for entities who want to sell offsets to join the reporting program, which is contrary to the goals of the revision process. It would be much better to require third party offset sellers to meet the requirements and to register through the Voluntary Reporting program. This way, both parties would follow the same emission and reduction calculation process, and the buyer would receive assurance that the offsets met stringent standards.

It would be a relatively easy matter to add a section for reporting on reductions that an entity sold or purchased. This would be a very valuable service to both buyers and sellers, by providing a public record and a transparent process in which offset transactions could be made. A buyer would be confident that the offsets they purchase are legitimate, and would not be double-sold, if they are reported in the DOE program. The value added by including offset sales and purchases in the reporting/registration process would be worth the effort. It would encourage reductions by showing potential sellers that there is a market, and would lead to more creative reductions strategies as the market evolves.

If DOE does not want to include offset transaction information in the current 1605 (b) revision process, at the very least do not prohibit entities who sell offsets from registering those offsets in the program. Instead, though this is not ideal, do not allow offset purchases to be reported by the buyer. These transactions would then be recorded completely outside the 1605b process.

#### Rating of Emission Estimate Methods

We support this approach to rate methods for estimating emissions. Requiring the use of high quality methods in order to register reductions will encourage entities to obtain the best possible information. The "weighted average" approach may not be the ideal approach in the long term, but as an intermediate step toward standardization of measurement methods, it is acceptable. The rating process should evolve as new techniques are developed. Having a technical review of the ratings on a regular basis, taking into account methods used by reporters and other emission registry programs would be appropriate.

#### Entity Statements and Record Keeping

We support requiring a thorough entity statement and boundary definition for each reporting entity, and the record keeping requirements. Record keeping is important in order to track and verify reductions over time. To the extent possible, entities should be allowed and encouraged to use existing record keeping processes/financial statements to feed into the reports, to ensure that the entity uses the same data for emissions report as for other report.



#### Entity Definition

SCL supports the use of financial control as the basis for the definition of an entity and determination of its boundaries, and believes that it would qualify as an entity, as an electric utility, for reporting and registration purposes, under the definitions in the regulation.

#### Consistency with Other Emission Registry Programs

We support a standardized process for reporting emissions and reductions. We are pleased to see that the methods of other registry programs is being included, such as the IPCC, the WRI Greenhouse Gas Protocol, EPA Climate Leaders, and the California Climate Exchange.

#### Voluntary Reporting

SCL continues to support mandatory reporting as a way to most accurately measure and track emissions and reductions.

#### International Reporting

SCL supports allowing international emission and reduction reporting. It will allow reporters to more easily comply with their business requirements, and to have a clear record of their overall activities. Even if entities that report do not have international emissions, many will do business with entities that do. For example, SCL has long term contracts as well as short term transactions with Canadian electric utilities.

It will be important to have clear records of what entities claim as their boundaries and who can claim credit for reductions. This will be especially important for hydropower energy producers with low or no emissions who sell that energy across international lines. Currently the 1605 proposed guidelines allow the producer to claim credit for energy use reductions elsewhere.

#### Registration of Post-2002 Reductions Only

SCL supports rigorous reporting process for emission reductions, and recognizes DOE's concern that it would be difficult for entities to meet the reporting and record keeping requirements for reductions before 2002. At the same time, it does fail to recognize the work that many organizations have done prior to 2002 to make reductions. It is important to recognize the early actions of those who took risks and made investments in emissions reductions. DOE does propose to continue to maintain the information that has been reported to date through the 1605 b program. This is important to those entities that have been working to reduce emissions. We encourage DOE to consider a method to recognize the pre-2002 work of entities toward making absolute reductions in emissions, as well as in emission intensity. SCL and other organizations who worked early to avoid and reduce emissions through efficiency, renewable energy purchases, and other means should be rewarded for those efforts.



Mark Friedrichs

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Avoided Emissions Due to Electricity Sales

SCL supports the reporting of non or low-emitting electricity sales as emission reductions. As long as entities report these electricity sources in their base period, as DOE would require, this is a valid approach. It will encourage electric utilities to invest in generation that reduces greenhouse gas emissions.

Ownership of Reductions

SCL supports the basic concept that the entity with financial control of emission reductions is the owner. Requiring that entities include the facility where the reduction takes place in its entity statement is a reasonable way to keep the accounting clear.

Independent Verification

While DOE encourages third party verification, SCL believes verification should be required for registering reductions. Independent verification is a standard part of business practice, such as financial audits. Verification will help entities organize their records, check that they have included all necessary reporting elements, and will result in higher quality reports. Verification protocols will develop more quickly and will be of higher quality if entities have to go through the process. It is likely that costs for these services will come down as more providers enter the market and as the process is standardized.

Thank for the opportunity to comment on the Guidelines, and we look forward to continuing involvement in the reporting program.

Sincerely,



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Seattle City Light

cc: Jorge Carrasco, SCL Superintendent  
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